

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 IO-14 ISO-00 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NEA-14 NSAE-00 RSC-01

OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 AGR-20 DRC-01 /159 W

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R 291256Z JUN 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 3148

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

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AMEMBASSY COPENHAGEN

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AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

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E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: OECD TRADE COMMITTEE (TC) DISCUSSION OF
EXPORT CONTROLS JUNE 25-26

L. SUMMARY. TC DISCUSSION OF EXPORT CONTROLS WAS TREATED AS AN EXTENSION OF EARLIER INFORMAL DISCUSSION OF COMMODITY TRADE PROBLEMS (SEPTEL). DELS WERE UNANIMOUS IN RECOGNIZING EXPORT CONTROLS AS TRADE POLICY PROBLEM WORTHY OF PRIORITY ATTENTION BY OECD. ONLY SERIOUS POINT OF CONTENTION WAS THAT MORE RETICENT DELS (CANADA, AUSTRALIA, EC COMMISSION) WISHED TO LIMIT WORK AT THIS STAGE TO ANALYTICAL EXERCISE WHEREAS SOME OTHERS (US, FRG, JAPAN) URGED THAT TCWP PUSH FURTHER TOWARD CONCLUSIONS INCLUDING POSSIBLE PRINCIPLES OR GUIDELINES THAT MIGHT BE CONSIDERED BY TC AT A SUBSEQUENT MEETING. TC UNANIMOUSLY AGREED THAT ANY NEGOTIATIONS ON THIS SUBJECT SHOULD TAKE PLACE IN MTN AND NOT OECD. END SUMMARY

2. US DEL (GLITMAN) OUTLINED CURRENT US THINKING ON EXPORT CONTROLS IN FOLLOWING WAY:

(A) US STRONGLY SUPPORTS RECOMMENDATION OF XCSS THAT TC GIVE HIGH PRIORITY TO WORK ON EXPORT CONTROLS. ALTHOUGH EXPORT CONTROLS MAY SOMETIMES BE JUSTIFIED, THEY REPRESENT A DEVIATION FROM MARKET ORIENTED TRADE WHICH CAN DISTORT THE ALLOCATION OF RESOURCES, PREVENT COUNTRIES FROM REAPING THE FULL BENEFITS OF A LIBERAL TRADE SYSTEM AND LEAD TO INTERNATIONAL DISAGREEMENTS. US BELIEVES A MORE EFFECTIVE INTERNATIONAL DISCIPLINE ON THE USE OF EXPORT RESTRICTIONS FOR ECONOMIC PURPOSES WOULD BE DESIRABLE. WE DO NOT SEE THIS AS AN ISSUE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES, BUT AS ONE WHICH GENERALLY RAISES QUESTIONS ABOUT FUTURE FRAMEWORK AND CONDUCT OF WORLD TRADE. WE BELIEVE OECD COULD DO VALUABLE WORK IN TRYING TO DEVELOP A CONSENSUS AMONG MEMBER COUNTRIES ON THE LIMITED OFFICIAL USE

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ISSUES INVOLVED AND POSSIBLE MEANS FOR DEALING WITH THEM. ANY NEGOTIATIONS IN THIS FIELD WOULD, OF COURSE, TAKE PLACE IN MTN.

(B) A REASONABLE WORK PROGRAM FOR TCWP AND SECRETARIAT WOULD CONTAIN FOLLOWING ELEMENTS: 1) ANALYSIS OF INFORMATION CONTAINED IN EXPORT CONTROL INVENTORY TO GET IDEA OF SIGNIFICANCE OF EXPORT CONTROLS IN RECENT

YEARS AND MOST COMMON TYPE OF ACTIONS AND JUSTIFICATIONS; II) DEVELOPMENT OF AN ANALYTICAL FRAMEWORK FOR EVALUATING THE EFFECT OF EXPORT CONTROLS ON TRADE, INFLATION AND OTHER ECONOMIC VARIABLES. ANALYSIS SHOULD ALSO COMPARE EXPORT AND IMPORT CONTROLS AND DISTINGUISH BETWEEN THE EFFECTS OF VARIOUS CONTROL TECHNIQUES; III) DISCUSSION OF PRINCIPLES WHICH MIGHT GOVERN USE OF EXPORT CONTROLS FOR ECONOMIC PURPOSES. A FIRST STEP WOULD BE TO DEFINE THE ISSUES WHICH WOULD HAVE TO BE RESOLVED.

3. REACTION TO US SUGGESTIONS WAS SIMILAR TO THAT IN EARLIER DISCUSSION OF COMMODITY TRADE PROBLEMS. ALL DELS WERE WILLING TO PURSUE FURTHER ANALYTICAL WORK ALONG LINES SUGGESTED BY US BUT, WITH NOTABLE EXCEPTIONS OF FRG AND JAPANESE, MOST OTHERS THOUGHT IT PREMATURE FOR TCWP TO CONSIDER CONCLUSIONS, PRINCIPLES OR GUIDELINES. TC AGREED TO FOLLOWING CONCLUSIONS AT END OF DISCUSSION:

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----- 086483

R 291256Z JUN 74

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"IN CONCLUSION THE COMMITTEE DECIDED TO GIVE HIGH PRIORITY TO THE CONSIDERATION OF THE PROBLEMS OF EXPORT CONTROLS. IT REQUESTED ITS WORKING PARTY TO COMPLETE AS SOON AS POSSIBLE, ON THE BASIS OF ITS EXISTING MANDATE AND TAKING DUE ACCOUNT OF THE COMMITTEE'S DISCUSSIONS, ITS ANALYTICAL STUDY ON THIS SUBJECT PAYING PARTICULAR ATTENTION TO THE MOTIVATION FOR TAKING CONTROL MEASURES AND THEIR IMPACT ON INTERNATIONAL TRADE RELATIONS, AND TO CONSIDER THE INTERPLAY OF EXISTING INTERNATIONAL PROVISIONS IN RESPECT OF EXPORT CONTROLS.

THE COMMITTEE AGREED TO RESUME ITS DISCUSSION IN THIS SUBJECT AT ITS NEXT MEETING."

4. MISSION COMMENT. DEPARTMENT WILL RECALL THAT "EXISTING MANDATE" (TC/M(73)3) IS VERY BROAD. MOREOVER, SECRETARIAT TOOK CAREFUL NOTE OF SUGGESTIONS MADE BY US AND OTHERS AND, ASSUMING ANALYTICAL TOOLS ARE EQUAL TO TASK, SECRETARIAT SHOULD HAVE AMPLE SCOPE FOR PRODUCING A USEFUL ANALYTICAL STUDY WHICH COULD CONTAIN THE SEEDS FOR GUIDELINES OR PRINCIPLES. AS

PRACTICAL MATTER, SECRETARIAT AND TCWP WILL HAVE DONE
WELL TO COMPLETE RESPECTABLE ANALYTICAL REPORT IN TIME
FOR NEXT TC MEETING SCHEDULED FOR END OCTOBER OR EARLY
NOVEMBER.
ROGERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, COMMODITIES, EXPORT CONTROLS, COMMITTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 29 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974OECDP15967
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740173-0419
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974061/aaaaaaoc.tel
Line Count: 228
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 22 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 MAR 2002 by collinp0>; APPROVED <09 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OECD TRADE COMMITTEE (TC) DISCUSSION OF EXPORT CONTROLS JUNE 25-26
TAGS: ETRD, OECD
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005